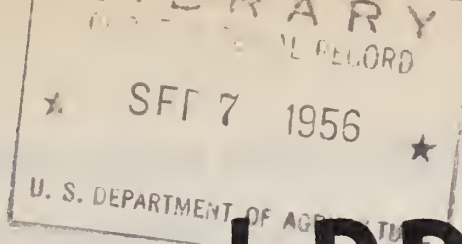


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1956

DEMAND and PRICE SITUATION

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Approved by the Outlook and Situation Board, March 20, 1956

SUMMARY

Business activity leveled off in the early months of 1956. Sizeable cuts in auto output and sales and some further decline in residential building were offset by an expansion in business investment outlays and Government expenditures for goods and services. Output of the Nation's factories and mines has held in recent months at 143 and 144 percent of the 1947-49 average. Employment also has been very steady. As demands on the economy tapered off, average prices of industrial products have steadied, after having increased sharply in the last half of 1955.

There are few indications pointing to a decline in business activity and some current trends suggest renewed strength. Business outlays for new plant and equipment in the second quarter are scheduled at a rate 6 percent above the January-March rate. And, according to the recent Commerce Department-Securities and Exchange Commission survey of investment intentions, businessmen are scheduling investment outlays in 1956 at a level more than a fifth above 1955.

(Continued on page 2)

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1954	1955			1956	
		Year	Feb.	Nov.	Dec.	Jan.	Feb.
Industrial production <u>1/</u>							
Total.....	1947-49=100	125	133	143	144	143	143
All manufactures.....	do.	127	134	145	146	145	144
Durable goods.....	do.	137	147	161	161	160	159
Nondurable goods.....	do.	116	121	129	130	129	129
Minerals.....	do.	111	123	125	129	130	131
Total outlay for new construc- tion <u>2/</u>	Million dollars	37,577	3,453	3,518	3,489	3,455	3,461
Residential.....	do.	13,496	1,348	1,345	1,326	1,285	1,258
Total civilian employment <u>3/</u>	Million	61.2	59.9	64.8	64.2	62.9	62.6
Nonagricultural.....	do.	54.7	54.9	57.9	58.3	57.3	57.1
Unemployment.....	do.	3.2	3.4	2.4	2.4	2.9	2.9
Income:							
Nonagricultural payments <u>2/4/#</u> ...	Bil. dol.	271.9	277.7	296.6	299.9	297.9	
Production-worker payrolls <u>5/#</u> ...	1947-49=100	137.7	144.4	163.9	163.9	158.9	158.0
Weekly earnings of production- workers in manufacturing <u>5/</u>	Dollars	71.86	74.74	79.52	79.71	78.36	78.36
Durable.....	do.	77.18	80.56	86.31	86.31	84.87	84.46
Nondurable.....	do.	64.74	66.36	70.12	70.30	69.65	69.25
Prices:							
Wholesale prices, all com- modities <u>5/</u>	1947-49=100	110	110	111	111	112	112
Commodities other than farm and food.....	do.	114	116	119	120	120	120
Farm.....	do.	96	93	84	83	84	86
Food, processed.....	do.	105	103	99	98	98	99
Prices received by farmers <u>6/#</u> ...	1910-14=100	249	244	225	223	226	226
Crops.....	do.	243	244	224	227	231	231
Livestock and products.....	do.	255	245	225	219	221	220
Prices paid, interest, taxes and wage rates <u>6/</u>	1910-14=100	281	283	279	278	281	280
Items used in living.....	do.	274	271	273	273	272	272
Items used in production.....	do.	252	255	244	243	246	245
Parity ratio.....		89	86	81	80	80	81
Consumer price index <u>5/</u>	1947-49=100	115	114	115	115	115	
Food.....	do.	113	111	110	110	109	
Government purchases of goods and services <u>2/ 7/#</u>	Billion dollars	77.0			77.2		
Federal (less Government sales).. State and local.....	do. do.	49.2 27.8			46.3 31.0		

Annual data for the years 1929, 1932 and 1935-54 appear on page 41 of the April 1955 issue of The Demand and Price Situation.

1/ Federal Reserve Board.

2/ U. S. Department of Commerce.

3/ Bureau of the Census.

4/ Monthly totals seasonally adjusted at annual rates.

5/ U. S. Department of Labor, Bureau of Labor Statistics.

6/ U. S. Department of Agriculture, Agricultural Marketing Service.

7/ Quarterly totals seasonally adjusted at annual rates.

Revised series.

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The decline in residential construction apparently has been arrested and home building may pick up some in coming months. The Federal National Mortgage Association has substantially increased its purchases in order to support the secondary market for home mortgages. The FHA, the Veterans Administration, and the Home Loan Banks also have taken action recently to ease terms and make more mortgage money available. Contract awards are running above the early months of 1955 and requests for Veterans Administration appraisals and FHA mortgage applications picked up sharply in January and February.

Farmers' planting intentions as of March 1 pointed to a moderate reduction in total crop acreage in 1956. Actual plantings may turn out larger or smaller than the above early season indications. Such factors as the weather, price changes, labor supply, financial conditions and the agricultural program may modify farmers' actions. For the 59 principal crops estimated, the indicated acreage for 1956 totals 352 million, down 3 million from 1955 and 5.5 million less than the 10-year average. Prospective plantings of corn are down about 2.9 million acres; oats, 2 million acres; and barley 1.3 million acres. In addition, smaller reductions are in prospect for rice, potatoes, sweetpotatoes, tobacco, peanuts, and dry beans. Larger plantings are indicated for soybeans and spring wheat--2.1 million and 0.7 million acres--and small increases are suggested in acreage of hay crops, sorghums, dry peas and sugar beets.

Average prices of farm products have remained steady so far this year at levels a little above December. Farmers' cash receipts from marketings in January and February totaled about 5 percent below the same period of 1955 reflecting a reduced level of prices for farm products. However, farm production costs continue high. Prices paid by farmers for commodities, interest, taxes and wages averaged in January and February only slightly below the same months of 1955.

Commodity Highlights

Prices of hogs at 8 central markets for the week ending March 17 averaged 12.72 dollars, down 19 percent from the corresponding week a year earlier. By mid-spring a substantial seasonal recovery in hog prices should be underway. Prices of choice and prime steers this spring are expected to average a little higher than their February low. A considerable seasonal price increase for choice and prime steers seems likely later in the year--possibly by mid-summer or early fall.

Milk production in the first two months of 1956 was 7 percent above a year earlier and is on the way to a new record for 1956. Cash receipts from dairying increased slightly from 1954 to 1955 and probably will show another small increase this year.

Egg production on March 1 was 2 percent larger than a year earlier and is approaching the seasonal peak. The number of broilers maturing in March is probably a record for the month. April and May supplies will likely be even larger.

Farmers' intentions as of early March indicated a new high in soybean plantings and some increase over last year in flaxseed acreage. With export demand strong, prices for oilseeds have moved up sharply from the low points last fall.

If farmers carry out their March 1 planting intentions, the total acreage planted to feed grains in 1956 will be reduced about 6 million acres, or 4 percent, from the high level reached in 1955.

Wheat prices are expected to show some further advance this spring; the adjustment to new crop conditions usually begins about mid-May.

Prices for oranges declined slightly in late February and early March. Severe frost damage to the Spanish orange crop was recently reported and may result in increased U. S. exports to Western Europe.

Production of strawberries in the early spring States is expected to be more than twice as large as last year.

Supplies of canned and frozen vegetables are a little smaller than a year ago. Packers are likely to seek a larger output in the coming season.

Shipments of new crop potatoes from the early areas have been heavier than a year ago, but demand has been good and prices are now higher than those of a year ago. Stocks of old crop potatoes have been reduced to about the same level as a year ago.

The average 14 spot market price for Middling 15/16 inch cotton continued to rise into early March reflecting limited supplies as stocks of cotton held by CCC accumulated. Cotton exports in the current marketing year are less than half those of a year earlier; the Department has announced a program of sales at competitive prices for export during the marketing year beginning August 1, 1956.

The record 1955 crop of flue-cured tobacco brought an average price of 52.8 cents per pound, about the same as in 1954 and 1953. Exports of unmanufactured tobacco in the year ending June 30, 1956 are expected to be the largest in recent years.

GENERAL ECONOMIC SITUATION

The general level of economic activity in the first quarter of this year apparently has changed little from the record rate of the fourth quarter of 1955. Business investment and Government purchases of goods and services have expanded further. But cutback in auto and farm machinery production has resulted in lay offs and a widespread reduction in overtime in these industries. This has limited the rise in total wage and salary payments. Residential building activity also has declined in recent months. However, the demand for autos and residential housing now presents a more encouraging picture. New car sales during February rose about 6 percent over January to around 514,000 units. Residential contract awards and FHA and VA mortgage applications turned up sharply in January and February, indicating some strengthening in housing construction in the next few months. New home starts in February rose slightly from the previous month to an annual rate of about 1.2 million units.

Nonfarm employment dipped slightly from January to February and little change is expected for March. The Federal Reserve Board's index of industrial production in February remained at the January level of 143 (1947-49=100) after seasonal adjustment. Industrial production has been highly stable since last October. With a leveling out in total demands on the economy, the upward trend of raw materials prices, which began last summer, appears to have slowed in recent weeks. Inventories, seasonally adjusted, continued to accumulate in January. But with production schedules for automobiles reduced, the rise in inventories may slacken.

Consumer Income and Spending

Consumer income payments decreased 2 billion dollars from December to January to an annual rate of 312.5 billion dollars, the first decline since January last year. Heavy year-end dividend payments increased at an annual rate of nearly 2 1/2 billion dollars from November to December, contributing to the bulge in income payments. With the decline in January, income payments were only slightly above November. Consumer income after taxes in the current

quarter apparently is running at an annual rate not greatly different from the fourth quarter 1955 rate of 277 billion dollars. Wage and salary payments this month will reflect the new minimum wage which went into effect on March 1. One to two million workers, most of them in the textile, paper, and lumber industries, are expected to receive sizable pay increases.

Table 1.--Disposition of personal income, seasonally adjusted annual rates, 1954 and 1955

	1954		1955	
	4th qtr.	Year	4th qtr.	Year
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Personal income	290.8	287.6	312.1	303.3
Less: Personal tax and nontax payments to Government	33.1	32.8	35.4	33.9
Equals: Disposable personal income	257.8	254.8	276.6	269.4
Less: Personal consumption expenditures	241.0	236.5	257.2	252.3
Durable goods	30.4	29.3	34.8	35.3
Nondurable goods	122.5	120.9	128.8	125.9
Services	88.1	86.4	93.6	91.2
Equals: Personal saving	16.8	18.3	19.4	17.1

U. S. Department of Commerce.

Consumer Spending Levels Off

Consumer expenditures have shown signs of easing somewhat after rising rapidly in the last quarter of 1955. Most of the weakening has been among the consumer durables, particularly autos. Auto sales are expected to rise seasonally in the spring.

Total retail sales declined in February about 2 percent from January after seasonal adjustment; the decrease occurred in sales by both durable and nondurable goods stores. Retail sales have been around a monthly volume slightly under 16 billion dollars since September 1955.

Consumer credit outstanding (extensions less repayments) declined about 1 percent from December to January. This was largely a seasonal change, about the same as occurred in January last year. Most of the decline reflected a reduction in installment credit outstanding on consumer goods other than autos and on repair and modernization loans. Automobile credit outstanding was virtually unchanged at the December level. Total consumer credit outstanding in January was 35.6 billion dollars, approximately equal to 13 percent of the annual rate of consumer incomes after taxes. This compares with 29.8 billion dollars a year ago, which was 11 percent of income after taxes at that time.

Inventories Up In January

Both manufacturing and trade inventories rose during January. On an annual rate basis they apparently exceeded the rate of 5 billion dollars for October-December last year. A considerable proportion of the current inventory build-up represents the excess of production over sales of passenger cars. A pick up in auto sales and a further cut in output in February probably has moderated the increase in inventories. However, manufacturers of other durable goods and nondurable goods are also expanding inventories. Investment in inventories may continue to be an important source of demand for several months.

Construction Decline Levels Off

The outlook in the construction sector of the economy looks brighter than it has in recent months. Construction expenditures in February, at a seasonally adjusted annual rate of 41.5 billion dollars, were up slightly from January. Outlays had been gradually declining since last September as a reduction in residential building offset increases in Government, industrial, and commercial construction. But residential construction expenditures leveled off in February and the pace of industrial and commercial construction accelerated. Moreover, there are indications that home building in the near future may rise more than the normal seasonal increase. Housing starts in February rose to an annual rate of about 1.2 million dwelling units. Applications for FHA mortgage commitments and requests for VA appraisals, usually good advance barometers of housing construction, turned up sharply in January and February after declining rapidly for several months. Plant expansion by business is expected to sustain the current high rate of non-residential private construction.

Business Schedules Larger Capital Outlays

American business firms plan to spend at an annual rate of 35.3 billion dollars for new plant and equipment during April-June 1956, 6 percent above the current quarter, according to a recent survey conducted jointly by

the Department of Commerce and the Securities and Exchange Commission. Substantial increases in investment outlays are scheduled over a wide range of industries. Largest relative increases are for railroads and durable manufacturing, particularly automobiles and steel. Planned expenditures in transportation (other than rail) indicate a small decline from the first to the second quarter of this year but they are still 3 percent above a year ago. Investment expenditures of the magnitude anticipated for the second quarter of this year, together with prospects for some rise in residential building and Government spending, will help to maintain a high level of economic activity in coming months.

Table 2.--Expenditures for new plant and equipment by U. S. Business 1/ second quarter 1955 and first and second quarters 1956, seasonally adjusted at annual rates

Industry	1955 <u>2/</u>			Percentage change Apr.-June 1956 from Apr.-June 1955
	1955	Jan.-	Indicated	
	Apr.-	Mar.	Apr.-	
	June		June	
	Bil.	Bil.	Bil.	Percent
	dol.	dol.	dol.	
Manufacturing	10.84	13.66	15.40	42
Durable goods industries	5.06	6.81	8.05	59
Nondurable goods industries	5.78	6.85	7.35	27
Mining	.94	1.14	1.24	32
Railroad	.80	1.18	1.30	62
Transportation other than rail	1.62	1.71	1.67	3
Public utilities	4.09	4.84	5.01	22
Commercial and other <u>3/</u>	8.90	10.68	10.70	20
Total	27.19	33.21	35.32	30

1/ Data exclude expenditures of agricultural business and outlays charged to current account.

2/ Estimates based on anticipated expenditures reported by business in early 1956.

3/ Includes trade, service, finance, communication, and construction.

Output and Employment

The Federal Reserve Board's preliminary seasonally adjusted index of industrial production in February remained at the revised January figure of 143 (1947-49=100). Except for December when it rose to 144, the index has been at 143 since October. Small declines in output from January to February occurred over a wide range of manufactured durable goods. Primary metals, metal fabricating, lumber, furniture, and miscellaneous manufacturing all

eased off a little. The reduction in rates of automobile output accounted for a considerable part of the overall decline in durable output. Non-electrical machinery, stone, clay, and glass products, and the instruments group registered small gains. Nondurable goods production as a whole remained unchanged during the month. Small declines for textiles and apparel, rubber and leather products, and paper and printing were offset by gains in chemicals and petroleum production. Output of the Nation's mines continues to inch up. Nearly all types of mining, but particularly coal, increased production from January to February.

Steel Output
At Capacity

Steel demand remains high. Output in February and early March was between 99 and 100 percent of capacity despite some easing in demand from the automotive industry—which takes more of steel output than any other industry. Steel requirements for construction and output of producers equipment are increasing and promise to remain high in coming months.

Auto Output
Reduced

Production of passenger cars was reduced by about 10 percent in January to 591,000 units, and declined further in February to about 555,000 as manufacturers moved to slow the accumulation of inventories. On the other hand, dealers' sales including exports, after lagging in January, picked up during February to a total of about 514,000. As a result, inventories of cars in dealers' hands increased at a slower pace than in January. But they are currently at a record high. Preliminary production schedules for March suggested a resumption of higher levels of output in anticipation of a seasonal pickup in sales.

Manufacturers' Sales
Ease Slightly

Manufacturers' sales after holding steady in December contracted slightly more than seasonally in January. Sales of both durable and non-durable goods were off slightly from December. Upturns in machinery and pre-fabricated metals partly offset reduced sales by motor vehicle producers. Despite recent easing, manufacturers' sales were at a seasonally adjusted rate of 27.1 billion dollars in January, more than a tenth above last year.

The upward movement in manufacturers' new orders that began in November was reversed in January with a decline of 4 percent. New orders for all manufacturing, at an annual rate of \$28.2 billion, were still in excess of sales. Thus, unfilled orders continued to rise, mainly in the durable goods industries.

Employment Dips Seasonally

Employment in nonagricultural industries in February was down about 150,000 workers from the preceding month, according to estimates by the Bureau of the Census. Nonagricultural employment, after seasonal adjustment, has held very stable in recent months, though the small decline in February apparently is slightly more than usual for this time of year. Reduced employment in durable goods manufacturing industries offset a slight increase for producers of nondurables.

Total civilian employment declined by about 300,000 in February to 62.6 million. This compares with 59.9 million a year ago. The labor force, however, showed a similar decline, so that unemployment was unchanged at 2.9 million, or 4.4 percent of the labor force. A year ago, 5.4 percent was unemployed.

Farm Employment Rises Seasonally

According to estimates of the Agricultural Marketing Service, about 5.8 million workers were employed on farms in late February. This was an increase of more than 231,000 over late January, but less than the usual upturn associated with increasing seasonal activity in Southern areas. As a result, the farm employment index, after adjustment for seasonal variation, moved down a point to 58 percent of the 1910-14 average, 6 1/2 percent below a year ago.

Production workers in manufacturing industries averaged 40.6 hours per week in February, the same as January but down seasonally from December. No change occurred in either durable or nondurable goods groups in February from January, where work weeks remained 41.2 and 39.8 hours, respectively. Average weekly earnings also held steady at a level 2 percent below December, but 5 percent above a year ago.

Commodity Prices

With the leveling off in economic activity, commodity prices through mid-March this year generally held steady at levels near those prevailing at the close of 1955.

Consumer Prices Ease Slightly

The consumer price index has varied less than 1 percent for more than 2 years. Retail food prices have drifted generally downward while nonfood prices have risen a little. This stability continued in January, as the index edged down to 114.6 (1947-49=100) from 114.7 in the preceding month. Food prices declined 0.4 percent, housing 0.2 percent, and apparel 0.6 percent. Small increases occurred in costs of transportation, medical care, and personal care. In no major category of consumer goods, however, was the change as much as 1 percent.

Stability also has characterized wholesale prices. The slight up-trend that began in the latter part of December was slowed in February, as the all commodities index edged up to 112.3 percent of the 1947-49 average for the month. This was up slightly from January and 1.7 percent above a year ago. Wholesale prices of farm products advanced 2 percent in February and continued upward in early March while the meats group weakened.

A continued high level of activity in most industries has resulted in steady pressure on prices of industrial raw materials. Spot market prices for most metals advanced during February. Prices of fats and oils also increased, reflecting strength in export demand. Other groups held steady; no group showed any significant decline in prices.

Grower Prices Steady

The index of prices received by farmers remained at 226 (1910-14=100) in mid-February, unchanged from a month earlier and 7 percent lower than a year ago. Higher prices for hogs, potatoes, oranges, lettuce and cotton in February were offset by declines from January in prices for eggs, strawberries, wholesale milk, and cabbage.

Prices received for crops averaged the same in mid-February as a month earlier. But fruit prices, on the average, were down 6 percent. Led by strawberries, prices of all fruits in the index declined except oranges and pears. The principal price increase during the month was for potatoes which averaged 9 percent above mid-January. Smaller price rises occurred for cotton, feed grains, and oil-bearing crops.

The livestock and products index was down slightly from mid-January. A 16 percent cutback in hog receipts at Midwestern stockyards contributed to an advance in hog prices over the month ending in mid-February. But hog prices remained well below a year earlier. There were smaller increases over the month in beef cattle prices. Seasonally lower prices for dairy products and eggs from January to February offset slightly higher prices for meat animals.

Prices Paid Steady

Near Year-earlier Level

Prices paid by farmers for commodities, interest, taxes, and wage rates (the parity index) was off from 281 (1910-14=100) in January to 280 in mid-February. The parity index in February 1955 was 283. Lower seed prices more than offset small increases in average prices for machinery, farm supplies and building materials and slightly reduced average prices paid for production goods. Prices paid for production items in mid-February averaged 4 percent below a year earlier. Prices paid for many farm family living items continued to inch downward, though the index remained unchanged at 272 percent of the 1910-14 average, up only one index point from February 1955.

(1910-14=100)

1/ For fresh market.
2/ Includes sweetpotatoes and dry edible beans.
3/ Annual index.

The one point decline in the parity index, with no change in the index of prices received by farmers, caused the parity ratio to rise 1 point to 81 in February, about 6 percent below a year earlier. This increase was the first recorded since last April.

Central Market Prices
Rise in Early March

Central market prices for major farm commodities, after showing some weakness in late February, advanced during the first two weeks in March to levels generally above the preceding month. Maine potatoes in mid-March were up 14 percent over a four week period. Hog prices at Chicago averaged four percent higher than a month ago, and North Georgia broilers sold for 5 percent more. Prices of utility grade slaughter cows at Chicago were up about 3 percent from mid-February, but steers were down slightly. Prices of feed grains were generally firm during early March.

FOREIGN DEMAND

Agricultural Exports

Agricultural exports during July-February are estimated at close to 2.1 billion dollars. A big decline in cotton offset most of the gain in other commodities, and limited the increase in exports to 2 percent over last year.

Substantial activity under the surplus disposal provisions of PL 480 have taken place during the current fiscal year. On March 14, Secretary Benson announced that agreements totaling \$1.2 billion (CCC investment plus cost of disposition) have been signed for export sale of surplus commodities for foreign currencies, a rise of 700 million since June 30, 1955. The total of \$1.5 billion, allocated by Congress for this purpose for the 3 years ending June 1957 should be reached in the near future.

The export value of the commodities included under Title I agreements totaled 834.2 million dollars, a rise of over 500 million since June 30, 1955, and 376 million since December 31, 1955. The Secretary estimated that Title I agricultural exports during the current fiscal year will total \$500-550 million, or about one-sixth of expected total farm exports. During the six months, July-December 1955, Title I exports totaled 217 million dollars. Commitments prior to that time have largely been carried out except for cotton. A total of about 1.3 million bales of cotton have been programmed under Title I of which about 375,000 bales had been shipped by March 1. The bulk of the remainder will probably move after August 1 under the recently announced CCC export sales program. Export commitments recently made or in

process will virtually wipe out Government holdings of surplus milled rice from the 1953 and 1954 crops. More than 120 million bushels of wheat have been programmed under Title I. Through February, 72 million bushels had been exported, representing over one-third of all wheat exports. Nearly 100 million pounds of tobacco have been programmed. Exports of 44 million pounds through February are responsible for a large part of the current increase in tobacco exports. Title I agreements include nearly 900 million pounds of vegetable oils, of which about 700 million were negotiated since July 1955. This programming is credited with strengthening the markets for soybeans and cottonseed, while news of recent agreements of over 100 million pounds of lard helped bolster the domestic lard markets. Other commodities included in Title I agreements include 45 million bushels of feed grains, 89 million pounds of dairy products, 81 million pounds of meat and 3 million pounds of poultry.

With the exception of certain fats and oils, livestock products, and fruits, the bulk of this activity represents disposal of CCC held commodities. Firm commitments for export sales, transfers, barter and donation of CCC commodities during the seven months ending February 29, 1956 were valued at 878 million dollars, or one-third more than during these months of the previous year. Over half of the increase represented sales of a million bales of cotton, at an average price of 124 dollars per bale. In terms of quantity, increases were registered also in coarse grains, rice, and dairy products, while reduced availabilities caused declines in vegetable oils. Disposition under barter, mainly feed grains, increased threefold, while foreign donations of dairy products under Section 416 are running 100 million pounds or 20 percent ahead of a year ago.

Historical Trend of U. S. Exports

The Foreign Agricultural Service recently reported the value of farm exports for the period 1925-1955 in constant dollars, calculated in terms of 1952-54 average prices. These figures indicate that the volume of exports during 1950-55 was close to the level reached during 1925-29--a period of relative prosperity and peace in the world. In terms of constant dollars, exports during fiscal year 1954-55 were 22 percent above the 31 year average, but only 4 percent below the average of the late 1920's. Unlike the earlier period, however, a substantial portion of recent shipments were assisted by Government export programs.

Major changes in exports of individual commodities have occurred over the 31 years. Exports of wheat and other grains are considerably above the level of the 1920's. This country became a sizable net exporter rather than a net importer of fats and oils. On the other hand, severe declines have taken place in exports of cotton and certain fruits.

Table 4.- United States farm exports, selected periods
1925-29 through 1950-55

Year ending June 30	Current value	Constant value*	Comment
	<u>Mil. dol.</u>	<u>Mil. dol.</u>	
1925-29 av.	1,848	3,491	Relative world prosperity and peace
1930-34 av.	933	2,739	World depression
1935-39 av.	748	1,948	U. S. droughts; foreign self-sufficiency efforts
1940-44 av.	1,184	1,772	World War II
1945-49 av.	3,199	3,132	Slow recovery of foreign production, Over half of U. S. farm exports financed by grants and loans
1950-55 av.	3,225	3,340	Foreign recovery; Korea; a third of U. S. farm exports under Government export programs

*Average 1952-54 export values.

Between 1925-29 and 1953-55 international trade in grains, cotton and tobacco declined due in part to higher consumption in producing countries, the isolation of the communist bloc from world trade, and efforts towards self sufficiency in former importing countries. In the intervening years, the United States increased its share in the world market in grains, but its share of the cotton market dropped sharply and its share of the tobacco market declined slightly. During the same period, exports of these three groups of commodities declined from 72 percent of the total value of U. S. farm exports to 64 percent.

Table 5.- World and United States exports of selected commodities,
1925-29 and 1953-55 averages

	Wheat, rye, corn, oats, barley, and products		Cotton		Tobacco, unmanufactured	
	Quantity	Percent of total	Quantity	Percent of total	Quantity	Percent of total
	<u>Mil. tons</u>	<u>Pct.</u>	<u>Mil. bales</u>	<u>Pct.</u>	<u>Mil. lb.</u>	<u>Pct.</u>
1925-29 av.						
World exports	29.7		14.4		1,335	
U. S. exports	6.4	22	8.6	59	525	39
1953-55 av.						
World exports	28.2		12.4		1,257*	
U. S. exports	11.2	40	3.6	29	456*	36

*1952-54 average.

Foreign Agricultural Service.

FARM INCOME

Farmers' cash receipts from marketings for the first 2 months of 1956 are tentatively estimated at 4.1 billion dollars, 5 percent less than in the corresponding period of 1955. The decline was due to lower average prices. Receipts from livestock and products were about 2.3 billion dollars, down 5 percent because of lower prices of meat animals. Receipts from dairy and poultry products were up because of slightly higher average prices and an increase in milk production. Crop receipts for the 2-month period were 1.8 billion dollars, down 5 percent from a year ago. Smaller marketings of Burley and some other types of tobacco held tobacco receipts down about 40 percent below last year. Lower average prices also resulted in declines for wheat and vegetables.

Total cash receipts in February are tentatively estimated at 1.8 billion dollars, 24 percent below January. The drop in cash receipts was due to smaller marketings, partly because of a shorter month. The decline of 4 percent from February 1955, however, resulted from lower average prices. Receipts from livestock and products, estimated at 1.1 billion dollars, were down 10 percent from January, mostly because of smaller marketings. The 5-percent decline from February 1955 was due to lower average prices. Crop receipts of 0.7 billion dollars were down 4 percent from February a year ago, reflecting lower prices. The drop of about 40 percent from January was due to seasonally smaller quantities sold.

LIVESTOCK AND MEAT

Total livestock slaughter and meat production in 1956 are expected to advance to a new high in view of the increased inventory of meat animals on farms January 1. A further increase in production of beef is expected because most of the addition to the cattle inventory was in beef calves and beef steers, the bulk of which will be slaughtered in 1956. Similarly, the added number of hogs was chiefly 1955 fall pigs, which will be slaughtered this spring and summer. The number of sheep and lambs on feed was 8 percent below a year ago. Total lamb slaughter, however, is likely to equal last year, as stock sheep numbers were virtually unchanged.

Much of the increase in the beef supply will be in the first half of the year and will consist of fed beef of the higher grades but less of the highly finished fed beef is expected to be produced in the second half of 1956 than last year and more cattle will go to slaughter off grass. Hence, much of the beef output in the second half of this year will probably be in the intermediate grades. Hog slaughter will continue above a year ago until sometime after mid-year. If farmers carry out their earlier plans for a 2 percent smaller spring pig crop, the supply of hogs this fall will drop below last fall.

The upward phase of the cattle cycle seems to be slowly coming to a halt. The number of cows and heifers 2 years old and older on farms this January was unchanged from last year as a decrease in milk cows offset an increase in beef cows. The inventory of milk heifers and heifer calves fell 3 percent, and beef heifers decreased by the same percentage.

Although they have risen slowly during the last 2 months, prices for most kinds of meat animals in February were below February 1955. Prices received by farmers for hogs in February this year averaged \$12.00 per hundred pounds, 27 percent below a year ago; cattle prices were down 15 percent, calves 6 percent, sheep 10 percent and lambs, 8 percent. In mid-March, prices of Choice fed steers at Chicago were about 24 percent lower than at the same time in 1955. Prices of hogs have advanced from their December low but substantial recovery in early 1956 has been limited by the large supply of hogs from the fall crop which was up 12 percent from a year earlier. At 8 central markets the week ending March 17 barrows and gilts were \$12.72 per 100 pounds, compared with the \$10.60 low in December but down 19 percent from the corresponding week of 1955.

Prices of Choice and Prime steers this spring are expected to average a little higher than their February low. A substantial seasonal price increase seems likely later in the year--possibly mid-summer or early fall. Prices of the lower grades, after passing their seasonal high at the beginning of the grazing season, probably will decline seasonally during the summer. Prices of stocker and feeder cattle will likely remain below last year in most months of 1956. The spread between prices of the higher and lower grades of steers and heifers will probably be wider this year than last, especially after mid-year.

By mid-spring a substantial seasonal recovery in hog prices should be under way. Prices of hogs will likely reach a peak about mid-summer. Their seasonal decline during the fall is expected to be considerably less than the severe downtrend last fall.

DAIRY

Milk production is on the way to a new record in 1956. The number of cows on farms at the beginning of 1956 was only slightly below a year earlier, with most of decrease occurring in the first half of 1955. Production per cow has been running substantially above previous records. Price relationships for dairying are more favorable than a year ago, which may lead to an increase in the number of cows as well as continued larger output per cow. Production of milk the first two months of this year was 7 percent greater than a year earlier, with about one-fourth of the increase due to the extra day in February this year. The total for the year probably will be between 126 and 127 billion pounds compared with 123.5 billion in 1955.

Prices to farmers for milk and butterfat changed little in the past year and will not change much in the coming 12 months, barring widespread drought. With larger volumes sold, cash receipts increased slightly from 1954 to 1955 and probably will show a further increase in 1956.

Consumption of milk in fluid form has continued above a year earlier, reflecting continued high consumer incomes, increased quantities distributed in schools, and increased merchandising efforts by the dairy industry. Consumption of butter, including the free distribution from Government stocks, increased to 9.1 pounds per person in 1955 from 9.0 in 1954 and 8.5 in 1953. Consumption of ice cream and nonfat dry milk per capita, increased from 1954 to 1955 but use of American cheese and evaporated milk declined.

The increase in total fluid milk consumption in 1955 over 1954 exceeded the increase in farm milk production, leaving less for factory production. Consequently, dairy product purchases by CCC in the past 12 months declined to an amount equivalent to 5 billion pounds of milk, compared with 5 3/4 a year earlier. Little change in purchases is indicated for the coming 12 months since consumption is again likely to increase almost as much as production. Price-supports for the April 1956-March 1957 marketing year will be at the same dollar and cents level as in the last marketing year. Stocks of butter and dry milk owned by CCC were reduced to lowest levels in three years but stocks of cheese continue a problem.

POULTRY AND EGGS

A larger and earlier hatch of chicks for laying flock replacement than in 1955 is in prospect for 1956. January-February hatchery output of replacement chicks was 22 percent above last year. On March 1, the number of eggs in incubators for the production of egg laying type chicks was 10 percent above a year earlier. The percentage increases in April and May are likely to be more nearly in line with March than January-February, nevertheless establishing a considerable likelihood that the number of replacement chicks raised this year will exceed 1955 by more than the 3 percent indicated by farmers' early February intentions.

Egg production on March 1 was 2 percent larger than a year earlier. Production now is approaching the seasonal peak, but in early March commercial egg breaking and storage of eggs in the shell had not yet reached the levels likely to be attained later in the season. In the absence of strong demand so far for commercial breaking or storage, egg prices declined in late February, but rose somewhat in early March. In mid-February, the average price to farmers was 40.2 cents per dozen, a seasonal decline of 6.4 cents from the month before, but 0.7 cents above a year earlier. In the spring of 1955, egg prices declined after March to 33.8 cents in May and June.

Monthly egg production to mid-year will probably be close to year ago, while production thereafter will depend on the extent of the increase in the replacement hatch now under way.

The average weekly rate of broiler placements has increased in each month since September and the number of birds maturing in March is probably record for the month. April and May supplies will likely be even larger than March, by about 5 and 10 percent respectively and some 20 percent over the same months of 1955. Mid-February broiler prices to farmers averaged 21.4 cents per pound live, compared with 25.2 cents in mid-February 1955. However, feed prices are also lower than in 1955. The mid-February broiler-feed price ratio of 4.4 (pounds of mash which can be bought with the value of one pound of broiler) compares with the ratio of 4.9 a year earlier.

The turkey hatching season has opened with a sharp increase in output of heavy-breed poults, and a decline in hatchings of light-breed birds. For the season as a whole, production may be reasonably close to farmers' January intentions to raise 14 percent more heavy-breed turkeys than the 47 million of 1955, and 16 percent fewer light-breed birds than the 16 million of last year. This would average out to a 6 percent increase from the 63 million birds raised in 1955. Present turkey storage stocks are the lowest for the season since 1949. February 1956 prices averaged above last year.

OILSEEDS, FATS, AND OILS

The market for U. S. oilseeds and fats and oils is strong, reflecting a record world demand. U. S. exports of soybeans are at a peak and shipments of edible oils and lard are running at a heavy rate. The outward movement of edible fats is being encouraged by a high level of economic activity in Europe, short olive crops in the Mediterranean, reduced output of sunflower seed in Argentina and various U. S. Government programs such as P. L. 480 and I.C.A. Agreements and authorizations for over 130 million dollars worth of food fats have been issued since mid-September 1955.

Prices of soybeans and edible oils have moved up sharply under the stimulus of the export demand. Soybeans rose from a low of \$2.22 per bushel (No. 1 yellow at Chicago) in mid-October to about \$2.50 in mid-February and have increased an additional 13 cents per bushel since then. In mid-March, crude soybean oil at Decatur was selling for nearly 15 cents per pound compared with a low of about 10.5 cents in mid-December.

Heavy production of lard has kept prices well below those for the edible oils, despite a high rate of domestic disappearance and exports. Stocks on February 1 (latest data available) were far above the levels of the 2 previous years. At present, lard (loose, tank cars, Chicago) is selling at 9.5 cents a pound, about one-third less than crude soybean and cottonseed oils.

Flaxseed prices at Minneapolis have increased about 55 cents per bushel, nearly 20 percent, since the low point of last September. Present prices are between 5 to 10 percent above the Minneapolis equivalent of the support level for the 1956 crop. Linseed oil prices also have moved up--rising from a low of 12.7 cents per pound (raw, tank cars, Minneapolis) in the latter part of December to 15.6 cents in mid-March. The rise reflects strong world demand and reduced supplies from Argentina.

The USDA recently announced an increase of 40,000 acres in the 1956 peanut allotments for Virginia and Valencia types. This brings the total national allotment for all types to 1,650,000 acres.

If farmers' intentions as of March 1 are realized, soybean acreage will increase by 2.1 million acres or 11 percent over the 1955 record and 52 percent above the 1945-54 average. A 5 percent increase over 1955 is anticipated for flaxseed, in response to this year's good market. Peanut acreage is expected to be down about 4 percent from a year earlier. However, if yields are average, supplies will be adequate to meet edible and farm uses.

The downward trend in nonfood uses of fats and oils halted in 1955. Utilization of oils in soap dropped to a new low as synthetic detergents continued to displace soap. But drying oil uses rose because of the sharp expansion in economic activity from 1954 to 1955. Other nonfood uses remained about the same.

FEED

The total acreage planted to feed grains in 1956 will be reduced about 6 million acres, or 4 percent, from the high level reached in 1955 if farmers carry out their March 1 planting intentions. Acreage reductions are in prospect for corn, oats, and barley, while prospects are for a slight increase in the acreage of sorghums from the record high in 1955. While no forecast is made of production at this time, if 1950-54 average yields by States should be realized on these prospective acreages, 1956 feed grain production would total above 121 million tons, 9 million tons less than the big 1956 crop, but slightly above the 1949-53 average. Farmers' plans this year may be subject to more uncertainty than usual since they are subject to revision on the basis of farm legislation now under consideration in Congress, as well as to the influence of weather and other factors.

Market prices of feeds were comparatively stable during February and early March, averaging around 15 to 20 percent lower than a year earlier. Lower feed prices have resulted in more favorable feed price ratios this winter than a year earlier for producers of most livestock and poultry products. The principal exception has been for hog producers. Because of lower hog prices, the hog-corn price ratio has been below average since last fall.

During November-February the average price received by farmers for corn ranged from \$1.09 to \$1.18 or from 40 to 49 cents per bushel below the national average support of \$1.58 per bushel. This was further below the support than in any previous year. Through February 15 farmers had placed 300 million bushels of 1955 corn under price support. In addition, about 820 million bushels of old corn was owned by CCC or resealed on farms. Reduced supplies of corn in commercial hands resulting from the large volume of corn held under the price support program, is expected to have a strengthening influence on corn prices in the last half of the marketing year. The quantities of oats, barley and sorghum grains placed under price support from the 1955 crops were second only to the record quantities from the 1954 crops.

The 1955 Argentine corn crop, to be harvested this spring, is estimated at about 160 million bushels. This is well above the small crop of only about 100 million bushels last year, and a little above the postwar average. This large crop will make substantially more corn available for export than the total of only about 10 to 12 million bushels exported in 1955-56.

WHEAT

Large quantities of 1955-crop wheat have been placed under the support programs so that free supplies again will be limited and prices may show some further advance. In mid-May, prices usually start to adjust seasonally to new crop conditions. On March 19, prices in Kansas City, Minneapolis and St. Louis were between 7 and 10 cents below the effective loan level, but in Portland they were only about 4 cents below.

Through February 15 farmers had placed 316 million bushels of 1955-crop wheat under the price support programs, compared with 425 million for the same period a year earlier from the larger 1954 wheat crop. On the basis of indicated supplies and disappearance for the remainder of the marketing year, this quantity together with quantities still outstanding under loan is sufficient to greatly reduce "free" supplies remaining.

On March 7, CCC had 810 million bushels of non-committed wheat in its inventory. From July 1 through March 7, CCC sales totaled 164 million bushels, of which 154 million were for export and 10 million were sold domestically. A substantial part of the latter was out-of-condition wheat. A year earlier, CCC sales had totaled 181 million.

Prices on March 19 at Minneapolis and Portland were about 8 cents above the low for the season, while prices at Kansas City were 25 cents and St. Louis 40 cents above their low points. The average price received by farmers in mid-February was \$1.95, the same as the previous 2 months, and 18 cents below a year earlier. The decline from a year earlier compares with a 16 cent difference between the loan rate for the 1955 crop and that for the 1954 crop.

If growers' intentions as of March 1 are realized there will be a 5 percent expansion in spring wheat plantings. A large increase is indicated for durum, as compared with less than one percent for other spring varieties. Even further increases in durum may result from enlarged acreage allotments made possible under a law recently enacted.

RICE

Exports of rice for the marketing year beginning August 1, 1955 are now expected to exceed the 23 million cwt. (rough rice) which had been expected until recently. Recent negotiations for the sale of the equivalent of over 13 million cwt. of rough rice to Pakistan and Indonesia under PL 480 may result in exports of about 25 million cwt. in the current marketing year, depending upon how much is actually moved into export before August 1.

Rice supplies for the year beginning August 1, 1955, are estimated at 83.6 million cwt., in terms of rough rice. Domestic disappearance for 1955-56 is estimated at 27.9 million cwt., which is about the same as the 27.8 million cwt. for 1954-55. If exports total 25 million cwt., the carryover August 1, 1956 will be only slightly more than the 29.9 million cwt. on August 1, 1955.

A sharp increase in the carryover on August 1, 1955 compared with a year earlier more than offset the reduction in production which took place. The carryover rose from 7.5 million cwt. on August 1, 1954 to the 29.9 million cwt. last August.

Rice acreage in 1956, as indicated by growers' March 1 planting intentions, would be 13 percent less than last year because of allotment reductions in all rice producing States. The 1.6 million acres in prospect is the smallest in 10 years.

FRUIT

After increasing during January and early February, prices for Florida oranges at shipping points and at processing plants declined slightly in late February and early March. Even so, prices still averaged moderately higher than a year previously. With shipments heavier in February than in January, auction prices for California oranges also declined somewhat to a level considerably under a year earlier. However, prices increased sharply in early March. Because of the recent severe freeze damage to the Spanish orange crop, some increase in exports of United States oranges to Western Europe is expected. This may contribute to some increase in prices for oranges this spring. Remaining supplies of Florida oranges are moderately heavier than a year ago, while those of California are about the same.

Shipping-point prices for Florida grapefruit tended to hold steady in February and early March generally at levels a little under a year previously. But auction prices averaged somewhat higher than a year earlier. Remaining supplies are somewhat heavier than a year ago. With larger quantities used both fresh and for processing, total use of Florida grapefruit to March 10 of the 1955-56 season has been moderately heavier than a year earlier. In contrast, total use of Florida oranges has been a little lighter because of smaller fresh use.

With the approach of the end of the season for Florida early and mid-season oranges, weekly output of frozen orange concentrate declined during late February and early March. By March 3, the pack totaled approximately 35 million gallons, 7 percent larger than a year earlier. Weekly production is expected to increase in late March and in April as increasing quantities of Florida Valencias ripen. The Florida pack of canned orange juice by March 3 was about 13 percent smaller than a year earlier while that of canned grapefruit juice was about 33 percent larger.

Prices for apples of generally good quality and condition tended to hold steady at shipping points in late February and early March though at levels somewhat under a year previously. Cold storage stocks on March 1 were heavier than a year earlier in Washington, California and the New England States, but lighter in most other important apple States, according to the Cold Storage Report of the U.S.D.A. On February 1, 1956, canner's stocks of canned applesauce were about 10 percent larger than a year earlier while those of canned apples were about 1 percent larger. New York auction prices for D'Anjou pears held fairly steady during February at levels somewhat higher than a year earlier. But prices dipped moderately in early March to the level of a year previously. Cold storage stocks on March 1, 1956 were somewhat lighter than a year earlier.

Production of strawberries in the early spring States is expected to be more than twice the relatively small 1955 crop. Prospective acreage in the mid-spring and late spring States, which supply most of the annual production, is up 23 percent this year. Cold storage stocks of frozen strawberries on March 1, 1956 were 31 percent larger than a year earlier.

COMMERCIAL VEGETABLES

For Fresh Market

Based on crop conditions in early March aggregate supplies of 5 fresh vegetables for early spring market (asparagus, broccoli, cauliflower, lettuce and onions) are likely to be about 15 percent larger this spring than last. This increase is due to substantially larger production of onions and lettuce, two of the major vegetable crops. Production of broccoli is estimated to be down about one third from that of a year earlier but about equal to the

1949-54 average, while production of cauliflower is expected to be little more than half as large as last year or average. Prospects also point to a significantly smaller production of asparagus for early spring harvest than a year ago.

Although production estimates are not available for early spring cabbage and tomatoes, early March reports indicate a moderately smaller acreage of cabbage and a slightly smaller acreage of tomatoes. If yields should average near those of recent years, cabbage production would be larger and tomato production smaller than a year earlier.

Among the crops for late spring harvest, acreage of asparagus, cabbage and watermelons is reported to be up from that of a year earlier while acreage of onions is reported to be down. If yields should average near those of recent years, production on the reported acreage would result in a somewhat larger tonnage of cabbage than a year ago, a slight increase in asparagus, but smaller quantities of onions and watermelons. Among other spring crops acreage of beets is up about 11 percent from that of a year earlier, acreage of shallots is the same, spinach is down slightly, while acreages of carrots is down about 35 percent.

For Commercial Processing

Supplies of canned and frozen vegetables are a little smaller than at this time last year and most items continue to move at steady to firm retail prices. With stocks at the end of the marketing season likely to be significantly smaller than those of a year earlier, packers are likely to seek a larger pack of a number of important vegetables. March 1 reports estimate the winter and early spring crops of spinach for processing at 74,100 tons, about one-fifth more than a year earlier. March 1 intentions reports indicated that acreage planted to green peas for processing is likely to be about 6 percent larger this year than last. With average yields, production of peas for processing would be moderately larger than in 1955.

POTATOES AND SWEETPOTATOES

January 1 stocks and subsequent reports of potato shipments indicate that supplies of old crop potatoes have been worked down so that they approximate those of a year earlier. Market prices have moved up near last year's level. The diversion program for potatoes is still in operation and tends to sustain the higher prices. While shipments of new crop potatoes from the early areas have been heavier than a year ago, demand has been good and prices, which had been lower than those of a year earlier, strengthened and are now higher than a year ago. If the 7 percent smaller acreage intended for late spring harvest materializes, total supplies of potatoes into late spring probably will be no larger than those of a year earlier. With such a level of supplies, prices in April and May probably would be about in line with the 1950-54 average, but are expected to average well below the high levels of a year earlier, which resulted from adverse weather and accompanying concern as to crop damage.

Spain has just concluded the purchase of 17,500 metric tons of Maine potatoes under Public Law 480 for immediate shipment, with the option to purchase an additional 6,500 metric tons. The price was equivalent to \$2.50 per cwt. for U. S. No 1 $2\frac{1}{4}$ to 4 inch potatoes.

The relatively large supplies of sweetpotatoes continue to weigh on the market, and reports indicate a disappointing rate of movement from the surplus areas. On February 15, prices received by growers average \$1.98 per bushel, slightly lower than on December 15 and about \$1.00 lower than on February 15, 1955. Taking cognizance of the seasonally low prices and slow market movement, the Department's sweetpotato purchase program (which had become inactive December 31) was reactivated in Louisiana during the week of February 13, and in early March purchase authorization was extended to New Jersey, North Carolina, Virginia and Texas. Through March 10, about 100,000 bushels of sweetpotatoes had been acquired under the renewed program. Growers intentions as of March 1, if realized, indicate a cutback of 11 percent in average from last year, to 323,000 acres. At average yields, this would mean a reduction of 22 percent in output for 1955.

DRY BEANS AND PEAS

The mid-February price for dry edible beans, at \$6.69 per 100 pounds compared with \$8.27 a year earlier, continued to reflect the larger supplies and lower support level. Acreage in dry edible beans, is expected to be down about 8 percent to 1,535,000 acres, according to farmers' intentions as of March 1. Should yields be near those of recent years, production on such an acreage would be about 5 percent smaller than in 1955.

The sharp rise in prices of dry field peas since early January points up the small supply resulting from the low yields in 1955. While export demand for 1955 crop peas is much lighter than a year earlier, supplies appear barely adequate to meet a relatively stable domestic demand. On February 15, prices received by growers averaged \$7.27 per 100 pounds, slightly above that of a year earlier. These higher prices explain in part the 16 percent increase in acreage growers intend to plant in 1956.

COTTON

Prices for cotton have increased during the current season as stocks held by CCC (owned and pledged as collateral against outstanding loans) have accumulated and privately held stocks diminished. CCC held stocks reached a record high of 14.2 million bales on January 20. By March 2, these stocks had declined to 13.5 million.

The average 14 spot market price for Middling 15/16 inch cotton was 35.53 cents per pound on March 20, 1956, the highest for the 1955-56 marketing year to date. A month earlier this price was 35.45 cents per pound and the low for the season was 32.20 cents on October 3. A year ago the average 14 spot market price was 33.72 cents per pound.

Exports of cotton continue to move at a slow rate. The total from August 1, 1955 through January 1956 was about 743,000 bales, only about 38 percent of exports during the same period a year earlier. The Commodity Credit Corporation has sold all of the million bales of short staple cotton available under the special export program for the 1955-56 season. The maximum discount below the average 14 spot market price for this cotton was 9.99 cents per pound.

On February 28 the Department announced a program under which CCC stocks would be sold for export at competitive prices during the 1956-57 marketing year (August 1, 1956 to July 31, 1957). No limitations of qualities or quantities were announced. On March 2 the Department announced that delivery dates for outstanding authorizations under Title I of Public Law 480 would be postponed to September 30, 1956 upon request of countries holding the authorizations. About a half million bales of cotton are authorized for export under this program which were originally scheduled for delivery before August 1, 1956. The export program for 1956-57 is designed to increase cotton exports from the United States in that season. However, foreign countries may hold their imports from the United States to low levels during the remainder of the current season (to August 1, 1956).

Consumption of cotton from August 1, 1955 through February 1956 totaled about 5.4 million bales. This compares with about 5.1 million bales during the same period a year earlier. Low stocks in relation to unfilled orders for broad woven goods at the mills indicate that cotton mill consumption probably will continue at a high rate after seasonal adjustment, during the remainder of the current season.

TOBACCO

The great bulk of the 1955 tobacco crop has been marketed with the exception of Maryland tobacco, which will be marketed this spring and summer. The record flue-cured crop brought an average of 52.8 cents per pound--practically the same as in each of the previous 2 seasons. The 1955 burley crop was the smallest since 1943 and brought an average of 58.6 cents per pound--the highest in history. It was one of the best crops ever produced. The 1955 average price for dark air-cured was 31.8 cents per pound--7 percent less than a year earlier--and for fire-cured, was about 37.0 cents--2 percent less than for the 1954 season. For the combined cigar filler and binder types 42-44 and 51-55, the 1955 average price fell 15 percent. For filler, type 41, the average was 12 percent below 1954.

According to the March 1 report on prospective acreage for 1956, the indicated acreage for flue-cured is 11 percent lower than the 1955 harvested acreage and reflects the cut in acreage allotments. Indicated 1956 acreages for the cigar binder types are down 8 percent in Wisconsin and 17 percent in Connecticut. In Ohio, the cigar filler tobacco acreage is indicated at about one-fifth below last year's harvested acreage, but in Pennsylvania it is the same as last year. The binder and the Ohio filler types are under acreage allotments but not the Pennsylvania filler. The indicated 1956 acreage for Shade-grown cigar wrapper is 5 percent larger than that harvested in 1955.

Legislation was approved on March 2 that provided for increasing the previously announced acreage allotments for burley, fire-cured, dark air-cured, and Maryland tobacco. The estimates for the types in the "intentions" report were based on survey data taken prior to the final approval of the increases in allotments. The revised allotments are practically the same as in 1955 for the burley, fire-cured, and dark air-cured tobaccos and harvested acreages this year are expected to be close to those of last year. For the first time since 1953, acreage allotments are in effect on Maryland tobacco. Based on the relationship of harvested acreage to total allotments in that year, it appears that 1956 tobacco acreage in Maryland will be moderately lower than in 1955.

The 1956 outputs of cigarettes and cigars are expected to be a little higher than in 1955. Statements from various trade sources indicate that filter tips are making further gains. Snuff is likely to continue stable but some further decline is probable for chewing and smoking tobacco.

Exports of unmanufactured tobacco in the year ending June 30 are likely to be the largest fiscal year total since 1946-47. During the first 7 months of the current fiscal year, exports of tobacco were about one-fourth greater than in the same period of a year earlier. Sales for foreign currency have been an important factor and also, demand by countries not having P. L. 480 programs has been stronger than a year earlier.

WOOL

The average of prices received by growers for shorn wool during April 1955-January 1956, the first 10 months of the 1955 marketing season, is estimated to have been 44.0 cents, grease basis, per pound, 18 cents less than the incentive level for the 1955 marketing year under the payment program. Since most of the 1955 wool clip was marketed during this period this difference suggests that the Government payment to the individual producer is likely to be in the neighborhood of 41 percent of the value of his shorn wool sales. The mid-February average was 40.2 cents, 1.1 cents above a month earlier.

Boston quotations for most domestic descriptions at mid-March were the same as a month earlier, though some were slightly lower. In general, prices of wool in foreign markets early in March were a little lower than a month earlier.

1955 shorn wool production is now estimated at 233.4 million pounds, 2 percent less than in 1954. The estimate for pulled wool is 41.6 million pounds, 4 percent less than in 1954. The clean equivalent of the total probably is in the neighborhood of 134 million pounds.

World consumption of wool last year is estimated to have been about 3 percent above that of 1954. Mill use in the United States was up about 10 percent, with use of apparel wool up 7 percent and of carpet wool up 16 percent. The rate of U. S. mill use of apparel wool during January 1956 was 14 percent above that of January 1955 while use of carpet wool was up 26 percent.

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